

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Deer Grove Post Office
Deer Grove, Illinois 61243
(Galen R. Hooper, Petitioner)

Docket No. A2012-44

UNITED STATES POSTAL SERVICE COMMENTS REGARDING APPEAL
(December 22, 2011)

On October 28, 2011, the Postal Regulatory Commission (Commission) received an appeal postmarked October 20, 2011 from postal customer Galen R. Hooper (Petitioner), objecting to the discontinuance of the Post Office at Deer Grove, Illinois. On November 8, 2011, the Commission issued a Form 56, Notice of Filing under 39 U.S.C. § 404(d). On November 9, 2011, the Commission issued Order No. 961, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 961, the administrative record was filed with the Commission on November 14, 2011. Petitioner Hooper filed a Participant Statement on December 7, 2011. On December 19, 2011, participant Gilbert Hostetler submitted a letter commenting on the Deer Grove Post Office discontinuance. The following is the Postal Service's answering brief in support of its decision to discontinue the Deer Grove Post Office.

The appeal received by the Commission on October 28, 2011, raises four main issues: (1) the effect on postal services, (2) the impact upon the Deer Grove community, (3) the economic savings expected to result from discontinuing the Deer Grove Post Office, and (4) the impact on employees. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration.

Accordingly, the determination to discontinue the Deer Grove Post Office should be affirmed.

Background

The Final Determination to Close the Deer Grove, IL Post Office and Establish Service by Rural Route Service (FD), as well as the administrative record, indicate that the Deer Grove Post Office provides EAS-11 level service to 44 Post Office Box customers, 1 general delivery customer, and 93 other delivery customers. The office is open for 39 hours per week.¹ The Postmaster of the Deer Grove Post Office retired on November 30, 2009.² A noncareer postmaster relief (PMR) was installed as the temporary officer-in-charge (OIC). Upon implementation of the Final Determination, the noncareer PMR may be separated from the Postal Service; however, attempts will be made to reassign the employee to a nearby facility.³ The average number of daily retail window transactions at the Deer Grove Post Office is 40. Revenue has declined: \$26,026.00 in FY 2008 (68 revenue units); \$23,100.00 in FY 2009 (60 revenue units); and \$19,911.00 in FY 2010 (52 revenue units).⁴ The Deer Grove Post Office has one meter customer and no permit customers.⁵ Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery under

¹ In these comments, specific items in the administrative record are referred to as "Item No. ____." FD at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1.

² Petitioner claims that Lisa Carver, Postmaster from a neighboring facility, stated incorrectly that a hiring freeze prevented the USPS from appointing a replacement postmaster after the postmaster retired on November 30, 2009. According to Petitioner, Ms. Carver's alleged statement was not accurate because the hiring freeze did not go into effect until July 28, 2010. Many factors influence staffing decisions, which are subject to the Postal Service's discretion. For purposes of this appeal, the reason for the postmaster vacancy is not consequential to the final determination.

³ FD at 2; Item No. 33, Proposal at 2.

⁴ FD at 2; Item No. 18, Fact Sheet, at 1; Item No. 33, Proposal, at 2.

⁵ FD at 2; Item No. 18, Fact Sheet, at 1; Item No. 33, Proposal at 2.

the administrative responsibility of the Tampico Post Office,⁶ an EAS-16 level office located approximately six miles away, which has 196 available P.O. Boxes.

The Postal Service followed the proper procedures⁷ which led to the posting of the Final Determination. All issues raised by the customers of the Deer Grove Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means.

Questionnaires were distributed to P.O. Box customers of the Deer Grove Post Office. Questionnaires were also available over the counter for retail customers at the Deer Grove Post Office.⁸ A letter from the Manager of Post Office Operations, Cedar Rapids, IA, was also made available to postal customers. The letter advised customers that the Postal Service was evaluating whether the continued operation of the Deer Grove Post Office was warranted, and that effective and regular service could be provided through rural route service and retail services available at the Tampico Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving rural route delivery service.⁹ The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. In addition, representatives from the Postal Service were available at Arnie's Happy Spot

⁶ The Tampico Post Office is not listed as a candidate for discontinuance as part of the Retail Access Optimization Initiative (PRC Docket No. N2011-1).

⁷ This discontinuance action was conducted under an earlier version of the Postal Service Handbook PO-101.

⁸ FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Deer Grove Post Office, at 1.

⁹ Item No. 21, Letter to Customer, at 1.

for a community meeting on April 11, 2011, to answer questions and provide information to customers.¹⁰ Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Deer Grove and Tampico Post Offices from May 3, 2011 to July 4, 2011.¹¹ The Final Determination was posted at the same two Post Offices beginning on October 17, 2011, as confirmed by the round-dated Final Determination cover sheets that appear in the administrative record.

In light of a postmaster vacancy, minimal workload, low volume, declining revenue,¹² the variety of delivery and retail options (including the convenience of rural contract route delivery service and retail service),¹³ no recent growth in the area,¹⁴ minimal impact upon the community, and the expected financial savings,¹⁵ the Postal Service issued the Final Determination.¹⁶ Regular and effective postal services will continue to be provided to the Deer Grove community in an effective manner upon implementation of the Final Determination.¹⁷

Each of the issues raised by the Petitioner is addressed in the paragraphs which follow.

¹⁰ FD at 2; Item No. 21, Letter to Customer, at 1; Item No. 24, Community Meeting Roster; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal, at 2.

¹¹ FD at 2; Item No. 33, Proposal, at 6.

¹² See note 5 and accompanying text.

¹³ FD at 2-10; Item No. 33, Proposal, at 2-9.

¹⁴ Item No. 16, Community Survey Sheet.

¹⁵ FD at 2 and 7-8; Item No. 17, Highway Contract Route Cost Analysis; Item No. 18, Fact Sheet, at 1; Item No. 29, Proposal Checklist, at 1-2; Item No. 33, Proposal, at 2 and 7-8.

¹⁶ FD at 2-10.

¹⁷ FD at 2.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Deer Grove Post Office on postal services provided to Deer Grove customers. The closing is premised upon providing regular and effective postal services to Deer Grove customers.

Petitioner, in his letter of appeal and Participant Statement, raises the issue of whether the Postal Service can continue to provide a maximum degree of effective and regular postal services to the Deer Grove community, noting the convenience of the Deer Grove Post Office and requesting its retention. Petitioner expresses particular concern about the impact closing the Deer Grove Post Office would have on the community, particularly the Amish citizens of Deer Grove. Each of these concerns was considered by the Postal Service.

Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide “a maximum degree of effective and regular postal services to rural areas, communities, and small towns where Post Offices are not self-sustaining.” The Postal Service’s view is that the “maximum degree” obligation in section 101(b) must be read in the context of related statutory provisions. It is a directive to recognize that special consideration must be given to the greater likelihood of dependence on postal retail facilities for access to postal products and services in rural communities and small towns; however, this concern must be balanced with

Congressional mandates that the Postal Service execute its mission efficiently and economically.¹⁸ Here, the Postal Service analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the Post Office, and the answer was affirmative.

The effect of closing the Deer Grove Post Office on the availability of postal services to Deer Grove residents was considered extensively by the Postal Service.¹⁹ Upon implementation of the Final Determination, services provided at the Post Office, such as the sale of stamps, envelopes, postal cards, and money orders, will also be available from the carrier.²⁰ Customers opting for carrier service will not have to pay Post Office box fees.²¹ Carrier service also is beneficial to many senior citizens, citizens lacking transportation, and those who face special challenges because they do not have to travel to the Post Office for service.²² They have the option of meeting the carrier at the roadside mailbox to transact business, although it is not always necessary to be present to conduct most Postal Service transactions.²³

Petitioner expresses concern that the Deer Grove Amish citizens' policy prohibiting use of the internet will restrict their access to postal services. However, services are available for those customers who do not use computers. Stamps by Mail® and Money Order Application forms are available for customer convenience, and stamps are available at many stores and gas stations, or by calling 1-800-STAMP-24.²⁴

¹⁸ See sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a).

¹⁹ FD at 2-10; Item No. 33, Proposal, at 2-9.

²⁰ FD at 2-10; Item No. 33, Proposal, at 2-9; Item No. 21, Notice to Customers, at 4.

²¹ FD at 6; Item No. 33, Proposal, at 7.

²² FD at 2-10; Item No. 33, Proposal, at 2-9.

²³ FD at 2 and 5; Item No. 15, Post Office Survey Sheet, at 1; Item No. 33, Proposal, at 2 and 5.

²⁴ FD at 2-6; Item No. 33, Proposal, at 2-6.

Customers can also request special services, such as certified, registered, or Express Mail, delivery confirmation, signature confirmation, and COD from the carrier.

Customers who desire such special services may obtain them from the carrier, who will estimate cost, provide a receipt, and bring change or a bill for the remaining amount the next delivery day (or the customer may leave a note with the appropriate payment and the carrier will leave a receipt the next day).²⁵ The discontinuance of the Deer Grove Post Office will have no effect on the ability of Deer Grove's Amish citizens to use Priority Regional Flat Rate boxes or Click-N-Ship®.

Petitioner raises a concern about the ability of customers to obtain carrier pick-up for parcels weighing 13 ounces or more. The Postal Service explained that the rural carrier will accept packages for mailing and, if necessary, the carrier will estimate the cost of the package, accept payment, and complete the transaction for the customer (with any change provided later, if necessary).²⁶ Although aviation security rules restrict a carrier's ability to pick up a package that weighs 13 ounces or more and bears only stamps, a rural carrier is permitted to pick up a package weighing 13 ounces or more if the package is shipped by a known customer, does not have stamps applied, and includes a return address that matches the pick-up point. It is not necessary for customers to meet the carrier to utilize this service, as customers have the option of placing the package and payment in their delivery receptacle for pick-up by the carrier.

Customers in this appeal question whether the rural route carrier will deliver late in the day. The record explains, however, that Postmasters monitor mail volume to

²⁵ Item No. 22, Returned Questionnaires and USPS Response Letters, at 2; Item No. 40, Analysis of 60-Day Posting Comments, at 1.

²⁶ Item No. 33, Proposal, at 6.

determine and correct any delays in mail delivery. Further, the Postal Service considered the additional work load for the carrier service and does not expect any delays in delivery times.²⁷

The issue of mail security, including leaving money in the mailbox, was raised during the feasibility study and addressed in the administrative record.²⁸ The Postal Service researched this risk and found that there have been no reports of vandalism in the area.²⁹ Customers were advised that they can put a lock on their mail box as long as the slot is large enough to accommodate their normal mail volume.³⁰ Customers electing for service at roadside mailboxes may contact the administrative postmaster to determine the proper mailbox location and installation method that would help alleviate this concern. Placing the mailbox on a long, horizontal, swinging pipe is one method often used to avoid damage by vandalism and vehicles.³¹ Customers may also place a note in their mailboxes instructing the carrier to sound her horn when she arrives, in order to transact financial business.³²

Thus, the Postal Service has considered the impact of closing the Deer Grove Post Office upon the provision of postal services to Deer Grove customers.

Effect Upon the Deer Grove Community

Pursuant to 39 U.S.C. § 404(d)(2)(A)(i), the Postal Service is obligated to consider the effect of its decision to close the Deer Grove Post Office upon the Deer Grove community. While the primary purpose of the Postal Service is to provide postal

²⁷ FD at 3; Item No. 33, Proposal, at 3.

²⁸ FD at 3 and 4; Item No. 33, Proposal, at 3 and 5.

²⁹ Item No. 14, Inspection Service/local law enforcement vandalism reports.

³⁰ FD at 3; Item No. 33, Proposal, at 3.

³¹ FD at 5; Item No. 33, Proposal, at 5.

³² FD at 2; Item No. 33, Proposal, at 2.

services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Deer Grove is an unincorporated rural community located in Whiteside County. The community is administered politically by a Village President and Board of Trustees. Police protection is provided by the Whiteside County Sheriff and fire protection is provided by Walnut Fire and Rescue.³³ The community is comprised of retired people, farmers/ranchers, self-employed individuals, and truckers, tourists, and those who commute to work at nearby communities and work in local businesses.³⁴ The questionnaires completed by Deer Grove customers indicate that, in general, they may travel elsewhere for some supplies and services.³⁵

The Petitioner's correspondence raises the issue of the effect of the closing of the Deer Grove Post Office upon the identity of the Deer Grove community. This issue was considered by the Postal Service, as reflected in the administrative record.³⁶ The Postal Service recognizes that a community's identity derives from the interest and vitality of its residents and their use of its name. The Postal Service is helping to preserve community identity by continuing the use of the Post Office name and ZIP Code in street addresses and in the National Five-Digit Zip Code and Post Office Directory.³⁷ Communities generally require regular and effective postal services and these will continue to be provided to the Deer Grove community. In addition, the Postal

³³ Item No. 33, Proposal, at 7.

³⁴ Item No. 16, Community Survey Sheet, at 1.

³⁵ See *generally* Item No. 33, Proposal, at 7.

³⁶ Item No. 33, Proposal, at 7-8.

³⁷ *Id.* at 8.

Service has concluded that nonpostal services provided by the Deer Grove Post Office can be provided by the Tampico Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies.³⁸

Customers also expressed a concern that the loss of the Post Office would have a detrimental effect on the business community.³⁹ There is no indication that the Deer Grove business community will be adversely affected. Businesses generally require regular and effective postal services and these will continue to be provided to the Deer Grove business community. The questionnaires completed by Deer Grove customers indicate that, in general, customers will continue to use local businesses if the Deer Grove Post Office is closed.⁴⁰

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Deer Grove Post Office on the community served by the Deer Grove Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route delivery service would cost the Postal Service less than maintaining the Deer Grove Post Office and would still provide regular and

³⁸ *Id.* at 7.

³⁹ Participant Statement Received from Galen R. Hooper, PRC Docket No. A2012-44 (December 7, 2011).

⁴⁰ Item No. 25, Postal Service Customer Community Meeting Analysis, at 3.

effective service.⁴¹ The estimated annual savings associated with discontinuing the Deer Grove Post Office are \$41,954.⁴²

Petitioner states that the savings estimate does not account for additional hours and mileage for the rural delivery carrier. However, the cost estimate includes a deduction of \$6,525 for the annual cost of replacement service.⁴³ The Postal Service reached this figure by calculating the cost of delivery to an additional 44 boxes and the addition of 3 miles to a route.⁴⁴

Petitioner also comments that the Postal Service should save money through other measures. However, the Postal Service is only responsible for formulating a specific proposal and evaluating it in the context of Title 39, U.S. Code, and applicable regulations. In this case, the Postal Service has determined that carrier service, coupled with service at the Tampico Post Office, is a reasonable solution that will yield economic savings. In so doing, the Postal Service is not required to evaluate and reject alternative proposals. In this case, the Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv).⁴⁵ The Postal Service, therefore, has considered the economic

⁴¹ Item No. 33, Proposal, at 2.

⁴² *Id.* at 9.

⁴³ *Id.*

⁴⁴ Item No. 15, Post Office Survey Sheet, at 2.

⁴⁵ Item No. 33, Proposal, at 9.

savings to the Postal Service resulting from such a closing, consistent with its statutory obligations.⁴⁶

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The Postmaster retired on November 30, 2009. A noncareer employee was installed as the temporary officer-in-charge (OIC).⁴⁷ Although the noncareer OIC may be separated from the Postal Service upon implementation of the Final Determination, the record shows that no other employee would be affected by this discontinuance.⁴⁸

Petitioner expresses praise for the performance of the OIC. The Postal Service appreciates these comments, but is also charged with responsibility to promote efficiency of operations. Consequently, this concern does not outweigh the other considerations cited in support of the Final Determination.

Therefore, in making the determination, the Postal Service considered the effect of the closing on the career employees at the Deer Grove Post Office, consistent with its statutory obligations.⁴⁹

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Deer Grove Post Office on the provision of postal services and on the Deer Grove community, as well as the economic savings that would result from the proposed

⁴⁶ See 39 U.S.C. § 404(d)(2)(A)(iv).

⁴⁷ Item No. 33, Proposal, at 9.

⁴⁸ FD at 2; Item No. 33, Proposal at 9.

⁴⁹ See 39 U.S.C. § 404(d)(2)(A)(ii).

closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Deer Grove customers.⁵⁰ The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Deer Grove Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Deer Grove Post Office be affirmed.

Respectfully submitted,

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⁵⁰ Item No. 33, Proposal, at 7.